

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-11 H-01 INR-10 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 /117 W

-----108676 040702Z /11

R 032204Z MAR 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8723

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E.O. 11652: N/A

TAGS: ENRG, MX

SUBJECT: PEMEX SUPPLY SQUEEZEON INDEPENDENTS' LUB OIL
OPERATIONS

1. MR. MAX J. MAGGIAR, PRESIDENT OF MOBIL DE MEXICO, S.A., STOPPED BY TO INFORM THE EMBASSY THAT PEMEX HAS BEEN REDUCING THE AMOUNTS OF PETROCHEMICAL FEEDSTOCKS THAT IT SUPPLIES TO MOBIL, AS WELL AS THE OTHER "INDEPENDENT" LUBRICANT PRODUCERS IN MEXICO. MAGGIAR DID NOT ASK FOR EMBASSY ASSISTANCE.

2. MAGGIAR SAID MOBIL HAD BEEN OPERATING IN MEXICO FOR 50 YEARS. DURING THE 40 YEARS SINCE THE NATIONALIZATION THE COMPANY'S ACTIVITIES HAVE BEEN LIMITED MAINLY TO THE PURCHASE OF CRUDE OIL AND THE PRODUCTION AND DISTRIBUTION OF HIGH QUALITY LUBRICANTS. PEMEX ALSO PRODUCES LUBRICANTS BUT DOES NOT HAVE THE CAPACITY TO PRODUCE THE GRADES NEEDED IN SOME SPECIALIZED ELECTRICAL GENERATING AND MINING EQUIPMENT AND OTHER CLOSE TOLERANCE MACHINERY. MAGGIAR DID NOT KNOW OF ANY SOLID PEMEX PLANS TO BUILD THE NECESSARY FACILITIES AND SPECULATED THAT IF THE INDEPENDENTS WERE FORCED OUT, PEMEX WOULD HAVE TO BUY THESE PRODUCTS ABROAD.

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3. THE LUB STOCK SUPPLY PROBLEM BEGAN SHORTLY AFTER THE INAUGURATION OF THE LOPEZ PORTILLO ADMINISTRATION. NEITHER MOBIL NOR ANY OF THE OTHER INDEPENDENTS HAS BEEN TOLD THAT ITS OPERATIONS ARE TO BE BROUGHT TO A HALT. HOWEVER, MAGGIAR INDICATED THAT MOBIL FELT THIS WAS PEMEX'S OBJECTIVE. HE NOTED THAT MOBIL WAS IN A POSITION TO LIQUIDATE

ITS HOLDINGS (MOSTLY REAL ESTATE) AND LEAVE THE MARKET IF
THE COMPANY'S SUPPLY OF LUB STOCK WAS INTERRUPTED. MEXICAN
LAW, OF COURSE, PROHIBITS INDEPENDENT IMPDRTATION OF SUCH
MATERIALS.

4. CHECK WITH ESSO DISTRIBUIDORA CIA GRAL LUBRICANTES,
S.A. INDICATES THAT PROBLEM IS INDEED SHARED WITH OTHER
INDEPENDENTS. THOMPSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
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Control Number: n/a
Copy: SINGLE
Draft Date: 03 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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ISecure: 1
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TAGS: ENRG, MX, PEMEX
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